

# Green Bond Allocation Report

July 2022

**STAVMAT®**  
ÉPÍTŐANYAG KERESKEDELEM

## Table of contents

Management statement .....	2
Stavmat at a glance .....	2
Green bond in a nutshell .....	3
Sustainability at Stavmat .....	5
Allocation of green proceeds .....	6

## Management statement

**„Making environmental protection a principle should be part of every community today. Starting with the family, not leaving aside companies, and ending with personal beliefs ...”**

Climate risk is one of the biggest risks that humanity and business lines are facing today since there is no planet B. Both public and private players have to plan their business to minimize the impacts of global warming in both the short and longer terms.

To support this transformation, Stavmat works endlessly by putting sustainability at the top of the group’s agenda and searching the way of

stewardship for all ESG headings. With this aspiration, Stavmat issued its first corporate green bond in 2021.

Our strategy is to be a company that cares about the environment in order to minimize the impact of our activities on the environment. Construction is one of the biggest polluters of the environment, so our network is a good place to promote this goal.

### We focus on:


- ✓ **minimization of waste production and waste processing in the production of building materials,**
- ✓ **reducing electricity consumption in each work,**
- ✓ **reducing the carbon footprint by optimizing and precisely planning transport,**
- ✓ **training and raising the level and awareness of all employees, suppliers and contractors in the field of the environment**

## Stavmat at a glance

### History



## Facts & Figures

Slovakian IN GROUP (100 % owner)	Stavmat PLC in Hungary
<ul style="list-style-type: none"> <li>✓ top player on the construction market in the Region SK / CZ / HU</li> <li>✓ 437 ml EUR consolidated net sales (2019)</li> <li>✓ 2000 employees</li> <li>✓ doubled net sales: 15,7 bn HUF (2016) → 31 bn HUF (2020)</li> <li>✓ significantly improved profitability (5% EBITDA margin on 2020 from 4% in 2018).</li> </ul>	<ul style="list-style-type: none"> <li>✓ 26+ years professional experience on the local market</li> <li>✓ 360 employees in Hungary</li> <li>✓ Chain store network: 32 sites and 2 stores in Hungary</li> </ul> 

## Recognitions



First-time issuer rating of **B+/Stable**, along with a senior unsecured debt rating of **BB-**

## Green bond in a nutshell

Due to the positive trends of the Hungarian construction market, Stavmat's strategy focuses on strengthening the Hungarian entity's role within the group with the expansion of paving stone production facility in the country. The Company intends to realize the new investment making a step toward environmental and social sustainability. In alignment of the owner's commitment to sustainability awareness in financial issues Stavmat decided to issue a Green Bond to finance the new project.

**Name of the bond:** STAVMAT NKP Bond 2031/I.

### Main conditions of bond issuance

- **Issuer:** STAVMAT Építőanyag Kereskedelmi zártkörűen működő Részvénytársaság (PLC)
- **Total nominal value of the bond:** maximum HUF 5 bn
- **Maturity:** ten years (2021-2031)
- **Maturity date:** 20.07.2031

To strengthen Stavmat’s commitment towards a sustainable development strategy Stavmat has established a **Green Bond Framework** to be able to issue Green Bonds and attract dedicated funding for the business. Stavmat’s Green Bond Framework has been developed in line with **ICMA's Green Bond Principles 2021** edition (GBP).

**Planned investment:**

New Investment	Value (mn HUF)
Intangible assets	100
Land and properties	2 600
Plant, machinery and vehicles	3 000
<b>SUM</b>	<b>5 700</b>



**Visualization of the planned new plant:**



The 4.000 m<sup>2</sup> production hall will be built on a 40.000 m<sup>2</sup> site where the latest developed German machinery line will be installed for the production of 800.000 m<sup>2</sup> of paving stone per year.

**Purpose of the investment:**

- Development of a high-quality paving stone manufacturing plant similar to the already existing two in Slovakia. (Sala, Geča) in order to serve the Hungarian market through the existing sales channels of Stavmat PLC (HU).
- Potential output of the factory per year should be 800,000 m<sup>2</sup> paving stones.

**Development details**

- The new plant will be set up in Dabas lot Nr. 7837. (Pest county, near Budapest with very good location).
- The investment significantly contributes to the modernization of the paving stone production process as it will set up a previously not existing production capacity by the installation of the latest technology line in the sector.
- The investment will create 40 new jobs; employees will work in two shifts, thus, it will be a highly automatized factory.

# Sustainability at Stavmat



**Stavmat’s investments strategy is fully aligned with its Group’s Corporate Social Responsibility policies.**

## What Stavmat already accomplished in the last years

- In 2020, a pilot project of a photovoltaic branch was launched, where solar electricity was used to power trucks and supplement a significant part of consumption.
- In 2021, a joint venture with GREENCON International was established in Hungary, which will process waste based on a unique technology. The resulting product will be boards usable in construction, a product that is a highly ecological alternative to classic boards used in construction and at the same time is one of the solutions for waste processing that significantly burdens the environment. The plant for the production of ecological waste boards will be located in the town of Kaposvár.

In the Group development projects, the goal is to minimize the carbon footprint during construction, and projects are planned under the BREEAM EXCELLENT standard. Projects include green roofs and urban greenery designed according to the principles supporting the plant and animal diversity of urban countries. Green infrastructure makes a significant contribution to mitigating the effects of climate change.

In line with the Group’s CSR strategy and in addition to the Group environmental objectives, **Stavmat is committed to support a sustainable development** within its own market. Stavmat sustainability strategy is designed along the commitment towards some of the **United Nations’ Sustainable Development Goals (SDGs)**, including:

<p><b>Consolidating local employment</b></p>		<p><b>Improving work and conditions innovation</b></p>	
<p><b>Building of resilient infrastructure</b></p>		<p><b>Sustainable Cities and Communities</b></p>	
<p><b>Responsible consumption and production</b></p>			

## Allocation of green proceeds

<b>ISIN</b>	<b>Amount (HUF)</b>	<b>Allocated proceeds (HUF)</b>	<b>Unallocated proceeds (HUF)</b>
STAVMAT NKP Bond 2031/l.	5.000.000.000	4.300.000.000	700.000.000

<b>Investment</b>	<b>Allocated amount (HUF)</b>
Buildings	1.640.675.000
Production line	2.568.087.000
Electric forklifts	91.238.000
<b>SUM</b>	<b>4.300.000.000</b>

The investment will be ended in 09.2022, average readiness by the end of July 2022 is 90%.

We hereby declare that the allocation of the Green Bond has been verified by our auditor and it is in line with Stavmat's Green Bond Framework.